

Audit Committee

**Agenda
Item No. 10**

25 September 2023

Statement of Accounts Audit Progress 2022/23

Ward(s): All

Portfolios: All

Purpose: For Information

1. Aim

- 1.1 To provide Audit Committee with a report detailing the progress of the external audit of the draft Statement of Accounts for 2022/23, along with the external audit planning report for 2022/23.

2. Summary

- 2.1 This report details the work undertaken to date by the council's external auditors Grant Thornton on the audit of the draft Statement of Accounts for 2022/23, together with the expectation that the audited Statement of Accounts and Audit Findings Report will be brought to the November 2023 rather than September 2023 Audit Committee meeting.
- 2.2 This report also provides Audit Committee with details of Grant Thorntons audit plan for the financial year ending 31 March 2023 (Appendix 1). It details the indicative planned audit strategy driven by an assessment of the key issues and significant risks that could affect the accounts, details of materiality, value for money arrangements and audit fees.

3. Recommendations

- 3.1 Audit Committee are requested to note the progress made to date with the external audit of the pre-audit draft Statement of Accounts for 2022/23 as set out within the report.
- 3.2 Audit Committee are requested to review and note the audit plan (Appendix 1).

4. Report detail – know

- 4.1 The pre-audit draft Statement of Accounts were presented to Audit Committee at their meeting on 26 June 2023. The external audit commenced on 27 June 2023.
- 4.2 The majority of the Audit has now been completed with no material adjustments identified to date, with just a small number of areas of work still to be finalised in relation to those areas set out in paragraphs 4.3 and 4.4 below, and the final review of the audit files.

- 4.3 Due to the recent national issue relating to reinforced autoclaved aerated concrete (RAAC) some additional work is currently being undertaken to determine whether there is any impact to the council's property, plant and equipment figures. Work has already been carried out on the schools estate which has determined that RAAC was not present in any maintained schools. By the end of September 2023 it is anticipated that work will have been completed for the remainder of the council's estate.
- 4.4 The audit of the West Midlands Pension Fund for 2023/24 has not yet been completed and Grant Thornton require assurance from this audit as part of the audit of the Statement of Accounts. In prior years, the outcome of the pension fund audit has resulted in adjustments to the council's accounts where the value of pension assets were updated, and as such the council's audit cannot be signed off without this assurance.
- 4.5 It was reported at the June 2023 Audit Committee that it was expected that the post audit Statement of Accounts and Grant Thornton's Audit Findings Report would be presented to the September 2023 Audit Committee meeting. However given the ongoing areas of work for RAAC and pensions it is no longer possible to sign off the Statement of Accounts by 30 September 2023, the statutory deadline, and it is now anticipated that the final post audit 2022/23 Statement of Accounts and Audit Findings Report will be presented to the November 2023 Audit Committee.
- 4.6 As a result of this the Council will need to put a delayed audit notice onto the website which will provide details for the delay and that this has been reported to Audit Committee at this meeting.
- 4.7 Audit arrangements require Grant Thornton (the Council's external auditors) to formally provide an audit plan for the audit of the Statement of Accounts, consider whether there are any risks of significant weakness for securing economy, efficiency and effectiveness and set out the proposed fees for the audit. This is being presented to this Committee.

Control Environment

- 4.8 All councils must produce annual accounts in line with the Accounts and Audit (England) Regulations 2015. The Accounts and Audit (Amendment) Regulations 2022, made as a result of Covid-19, have moved the date required for the Statement of Accounts to be considered and approved by the appropriate Committee of the council from 31 July to 30 September for the financial years beginning in 2022, 2023, 2024, 2025, 2026 and 2027.
- 4.9 The pre-audit draft Statement of Accounts were signed by the Section 151 Officer on 31 May 2023, and within the deadline set out in the Accounts and Audit (Amendment) Regulations 2022 of 31 May 2023.
- 4.10 The pre-audit draft Statement of Accounts are for information only as they are not required to be approved by Audit Committee. Given the extended timeframe currently in place it is accepted by Grant Thornton as best practice to present the draft unaudited Statement of Accounts to Audit Committee for initial review.

Assurance of Controls

- 4.11 The external audit of the Statement of Accounts commenced on the 27 June 2023 by Grant Thornton. The audit is currently ongoing and the audited Statement of Accounts will be presented to Audit Committee for their approval in November 2023.
- 4.12 At the November Audit Committee members will also receive the external auditors report on the Statement of Accounts from Grant Thornton for consideration.

Strategic Risks/Annual Statements

- 4.13 As this report is reviewing performance over 2022/23 there are no associated strategic risks.
- 4.14 This report is concerning the council's pre-audit draft Statement of Accounts for 2022/23.

5. Financial information

- 5.1 There are no direct financial implications as a result of this report beyond those reported within Section 4.

6. Reducing Inequalities

- 6.1 Improving ease of understanding of the accounts is intended to make the annual statement of accounts more readily accessible to the general public. The accounts will be available on request in different formats, for example, hard copy, soft copy via the web site, Braille and in different languages.

7. Decide

- 7.1 As this report is for information only there are no matters within this report for decision.

8. Respond

- 8.1 Any issues raised by Audit Committee in connection with the pre-audit Statement of Accounts will be reviewed as part of the audit process. If it requires clarification within the Statement of Accounts these may be incorporated within the final audited document following discussion with Grant Thornton.

9. Review

- 9.1 The pre-audited Statement of Accounts are subject to audit. Any material issues that Grant Thornton discover during this audit process will be reported in their Audit Findings Report due to be presented to members alongside the audited Statement of Accounts at the November Audit Committee meeting.
- 9.2 At the November 2023 Audit Committee members will also have the opportunity to consider the audited Statement of Accounts prior to approval.

Background papers

Various financial working papers, statutory and other guidance.

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